

US ARMY NAF EMPLOYEE BENEFITS PROGRAM



SPECIAL ANNOUNCEMENTS CONCERNING

NAF EMPLOYEE BENEFITS

**New Benefit Program Enhancements
and Your Options During the
Health Benefit Plan Selection Period
October 18th thru November 12th, 2004**

*Please
See Important
Details Inside*

**U.S. Army Community & Family Support Center
NAF Employee Benefits Office
4700 King Street, 3rd Floor
Alexandria, VA 22302**



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NAF EMPLOYEE BENEFIT PROGRAM UPDATE

OCT 2004

Dear Nonappropriated Fund Employee;

The purpose of this brochure is to announce several new NAF Employee Benefit Program changes and initiatives and to inform you that we will conduct a Health Benefit Plan Selection Period from October 18th to November 12th, 2004. Your options during the Plan Selection Period are limited to the following:

Health Benefit Plan

If you are currently participating in one of our Health Benefit Plans, either the DOD NAF Employee Health Benefit Plan (DODHBP) (often referred to as Aetna) or one of our Health Maintenance Organizations (HMOs), you will be allowed to change plans at your current level of coverage or cancel your current enrollment. Plan changes will be effective January 1st 2005. You may change from the DODHBP to an HMO, from an HMO to the DODHBP, or from one HMO to another. The DODHBP is available in all locations. HMOs are available in the following locations:

Carlisle Barracks, PA
Fort Buchanan
Fort Dix, NJ
Fort Hamilton, NY
Fort Hood, TX
Fort Indiantown Gap, PA
Fort Monmouth, NJ
Hawaii
Hawaii
National Capitol Region
National Capitol Region

Keystone Health Plan
Triple S
Aetna US Healthcare HMO
Aetna US Healthcare HMO
Scott & White Health Plan
Keystone Health Plan
Aetna US Healthcare HMO
Hawaii Medical Service Association (HMSA)
Kaiser Permanente
Aetna US Healthcare HMO Plan
Kaiser Permanente Health Plan

Limitations:

Because this is a Plan Selection Period rather than an Open Season, you will not be able to make changes that would increase your coverage. **You will not be able to obtain coverage if you are not now enrolled in either the DODHBP or an HMO; you will not be able to change from single to family coverage; and you will not be able to change from "without dental" to "with dental" coverage.** The next Open Season will be conducted in the Fall of 2005. At that time, you will be able to enroll in the DODHBP or an HMO in your area, increase from single to family coverage, or add dental coverage.

For Additional Information:

DODHBP Plan Information Packets for 2005 have been shipped to your local NAF Human Resources Office. If you are currently enrolled in the DODHBP (Aetna) or are participating in an HMO and considering changing to the DODHBP, please stop by your servicing personnel office and request a Plan Information Packet for 2005. We are pleased to announce that the liberal benefits included in the DOD Health Benefit Plan will remain unchanged for 2005, except for two cost saving measures that are necessary to meet the rising cost of prescription medications and emergency room treatment. Those changes, explained in detail in the Information Packets, involve modest increases in copays. Additionally, we are expanding emphasis on preventive care by providing online tools to help you manage your care, and we will introduce Healthy Outlook, a new voluntary disease management program to help employees with certain chronic illnesses. We are also pleased to announce that after several years of double-digit percentage increases in premiums, premiums for 2005 will increase only 4.5% for medical. There will

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be no increase in the dental premium. This very modest increase in premiums is possible because of your judicious use of the health care plan, which has kept claims costs below the national average. To obtain your packet or additional information concerning the Health Benefit Plans available in your area, please contact your local servicing NAF Human Resources Office. For information about the DOD Health Benefit Plan or premium rates for any of the plans in 2005, please consult our web site, www.NAFBENEFITS.com.

Pre-Tax Health Premium Deductions:

The Internal Revenue Code Section 125 Pre-Tax Health Premium Program will continue in effect in 2005. This program allows you to pay your employee share of the Health Benefit Plan premium with pre-tax dollars, thus reducing your taxable income and increasing your take-home pay. This benefit will automatically continue in effect for 2005, unless you opt out of this program during this Plan Selection Period. Because the Internal Revenue Code does not allow canceling your plan participation during the Plan year, January 1 thru December 31, 2005, you will have the option of declining participation in the program and paying your Health Benefit Plan premiums with after-tax dollars during this Plan Selection Period. If you previously opted out of the Pre-Tax Premium Program and would like to continue to pay your premiums with after tax dollars, you need do nothing and your opt out election will carry over through 2005.

How to Decline Participation in the Pre-Tax Health Premium Program:

If you would like to decline participation in the Pre-Tax Health Premium Program, please contact your local servicing Civilian Personnel Office for assistance. Your election will be effective January 1st, 2005.

Life Insurance Plan

You may not enroll or increase coverage in the Group Life Insurance Plan, during this Plan Selection Period without evidence of insurability. Your next opportunity to elect life insurance without evidence of insurability will be during the Open Season scheduled for the Fall of 2005. For additional information concerning the Group Life Insurance Plan, including how to enroll with evidence of insurability, please contact your local servicing NAF Human Resources Office.

NAF Employee Group Long Term Care Plan

You may not enroll or increase coverage in the Group Long Term Care Plan, during this Plan Selection Period without evidence of insurability. For information concerning the Group Long Term Care Plan, including how to enroll with evidence of insurability, please contact your local servicing NAF Human Resources Office.

401(k) Plan Changes

In accordance with the Economic Growth and Tax Relief Reconciliation Act, the maximum annual deferral for your 401(k) Savings Plan will be \$14,000 for calendar year 2005. Over age 50 plan participants may defer an additional \$4000 for a total of \$18,000. There is no percentage of salary limitation. Plan participants may change their deferral percentage at any time by contacting their servicing personnel office.

New 401(k) Loan Repayment Procedure



For 401(k) Plan participants who choose to pay off their loans in a lump sum, Fidelity Investments has established a new loan repayment procedure. Previously, participants who chose to pay off their 401(k) loans in a lump sum, rather than continue payment by payroll deduction, forwarded their lump sum payment through the Employee Benefits Office. **Effective November 1st, 2004, participants can pay off their loan balances directly to Fidelity Investments.** This new procedure will substantially reduce the processing time for loan repayments. To pay off your 401(k) loan, just call the Fidelity Investments Customer Service line, toll free, at 800-835-5093, and ask for the

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loan payoff amount. Overseas participants should use the special overseas toll free number by calling the AT&T Direct Access Code and then 877-833-9900. To pay off your loan, send a short letter of instruction explaining that you desire to pay off a loan. Include the plan number (90076), your full name, Social Security Number, Loan Number, and either a cashier's check or money order, for the correct amount of the loan and made payable to FIIOC. Loan repayments should be mailed to Fidelity Investments, ATTN: US Army NAF 401(k) Savings Plan (90076), P.O. Box 770001, Cincinnati, OH 45277-0018. Upon receipt, Fidelity will promptly clear your loan balance.

New Retirement Planning and Investment Strategy Tools



On December 1st, 2004 Fidelity Investments will make available to 401(k) Plan participants two new web based tools to assist them with planning for retirement and making investment decisions. Easily accessible from the Fidelity Investments web site, NetBenefits, 401(k) Plan participants will have unlimited use of Fidelity Portfolio Planner and Fidelity Retirement Income Planner. These financial planning tools are easy to use and provide employees with the help they need to invest wisely and plan for their financial security in retirement.

No matter where you are on the path to retirement, Fidelity's Retirement Planning Tools can help you quickly and easily understand if you could have enough to retire. If you're saving for retirement, Quick Check will allow you to see a snapshot of your current savings and the income it may generate in retirement. If you're in or approaching retirement, the Income Estimator will help estimate how much pretax income you may be able to safely withdraw from your Fidelity accounts throughout retirement. And Retirement Income Planner will help create a detailed retirement income plan that includes all assets, expenses, and income sources which may help you achieve your desired retirement lifestyle.

You can access Fidelity PortfolioPlanner® to plan for up to 10 financial goals and check your progress toward meeting those goals. This guidance tool allows you to evaluate how different savings and investing decisions may affect the potential of meeting your goals. Fidelity's online guidance tools can help you invest and plan for a more secure future.

To access these new online tools, go to the NAF Benefits web site, www.NAFBenefits.com. Click on the Fidelity logo in the 401(k) Section, and sign in to NetBenefits. Portfolio Planner and Retirement Income Planner are easy to find under the Savings and Retirement tab. There are several other new enhancements to the Fidelity NetBenefits web site. Sign on and take the tour to learn how to use Fidelity Workplace Services.

NOTE: For those employees who are currently using or would like to start using FINANCIAL Engines™ for their retirement planning, this online tool will continue to be available for your use for at least another year.

Employee Benefits Online



We are pleased to announce the introduction of Employee Benefits Online. **NAF Employees can now access their Benefits Record through this new system.** You can now view and print a summary of your benefits data, including your current elections and personal information in the NAF Employee Benefits System, view and print your Personal Benefits Statement, which includes complete information on your benefit elections, the level of benefits you have elected, and an explanation of the cost and value of your benefits, and personal information, including dependent data and beneficiary designations, and submit a Service Request to correct or update your data.

EMPLOYEE BENEFITS ONLINE is secure and simple to use. Simply click or type this link <https://employeebenefitsonline.cfsc.army.mil>. At the login screen, enter your Social Security Number (without dashes). Then enter your PIN to login. For your initial entry into the system, your PIN will be your birth date, configured as MMDDYYYY. For example, if your birth date is the 4th of August, 1966, you would enter 08041966. You will then be asked to enter a new PIN. Your new PIN must be eight alpha/numeric characters. Please do not use any symbols; just letters and numbers. Once you're logged in, all the information you need is on the screens.

We hope you like these latest enhancements to your NAF Employee Benefits Program. If you'd like more information about your benefits, please access our web site at NAFBENEFITS.COM or stop by your HRO.